

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -FEBRUARY 3, 2009- -7:30 P.M.

Mayor Johnson convened the Regular Meeting at 8:06 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

(09-041) Mayor Johnson announced that the resolution of appointment [paragraph no. 09-043] would be heard after the presentation [paragraph no. 09-042].

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(09-042) Presentation by East Bay Regional Park District on Measure WW.

Doug Siden, East Bay Regional Park District, gave a brief presentation.

Mayor Johnson thanked Mr. Siden for all the work done on behalf of the City; stated that 71% of Alameda residents who voted in favor of the Measure indicates confidence with the District.

REGULAR AGENDA ITEM

(09-043) Resolution No. 14303, "Appointing Donna Talbot as a Member of the Historical Advisory Board (Building Design seat)." Adopted.

Councilmember Matarrese moved adoption of the resolution.

Councilmember Tam seconded the motion, which carried by unanimous voice vote - 5.

The City Clerk administered the Oath and presented a certificate of appointment to Ms. Talbot.

Ms. Talbot thanked the Council for the appointment; stated that she looks forward to serving the community.

CONSENT CALENDAR

Mayor Johnson announced that the recommendation to accept the Annual Progress Report [paragraph no. 09-046] would be removed from

the Consent Calendar for discussion.

Councilmember Gilmore moved approval of the remainder of the Consent Calendar.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*09-044) Minutes of the Regular City Council Meeting held on January 20, 2009. Approved.

[Note: Mayor Johnson abstained from voting on the Minutes.]

(*09-045) Ratified bills in the amount of \$4,595,610.60.

(09-046) Recommendation to accept the Annual Progress Report on implementing the Local Action Plan for climate protection.

The Supervising Planner gave a brief presentation.

Speakers: Susan Welch, Community Action for a Sustainable Alameda (CASA); David Burton, CASA; Stefani Leto, CASA; David Teeters, CASA; Herb Behrstock, CASA.

Following Mr. Burton's comments, Mayor Johnson inquired whether the process for setting new emission standards would be through Alameda Municipal Power (AMP).

The AMP General Manager responded the green house reduction plan will happen later, not in February; stated CASA would be more involved in AMP's energy efficiency program; everyone shares the common goal of being successful.

Following Ms. Leto's comments, Mayor Johnson inquired how much space would be needed for the requested garden area.

Ms. Leto responded a four foot by four foot square; stated the garden area could be on lawn or cement.

Mayor Johnson stated a possible area could be the vacant lot across the street from City Hall; the front lawn of City Hall is used as a gathering place.

Councilmember Tam stated that she has concerns regarding contamination on the vacant lot.

Councilmember Matarrese stated staff should proceed with the garden

area.

Councilmember deHaan stated the City is listening to the speaker's request; water usage would be a problem this year.

Councilmember Matarrese stated staff should be given direction to: 1) involve CASA, 2) schedule an annual meeting separate from a Council Meeting, and 3) provide a proclamation in advance of Earth Day and Earth Week; stated the items should come back to Council for action.

Councilmember deHaan stated activity measurements should be included.

Councilmember Matarrese stated measuring progress to goals should be done on a discipline basis.

The City Manager stated staff could provide a proclamation; other items could be included in the green team's work plan.

Councilmember Tam moved approval of the staff recommendation.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

(*09-047) Resolution No. 14304, "Appointing an Engineer and an Attorney for Island City Landscaping and Lighting District 84-2." Adopted.

(*09-048) Resolution No. 14305, "Appointing an Engineer and an Attorney for City of Alameda Maintenance Assessment District 01-1 (Marina Cove)." Adopted.

CITY MANAGER COMMUNICATIONS

(09-049) Presentation by CalPERS Representatives, Alan Milligan, Actuarial Unit Supervisor on the City of Alameda CalPERS Actuarial.

The City Manager introduced Mr. Milligan.

Mayor Johnson stated the public does not have a clear understanding of who pays for PERS benefits.

Mr. Milligan stated CalPERS is a defined benefit system, not a defined contribution pension system; benefits are defined in writing in a defined benefit system; in a defined contribution system, contributions go into the system during a person's career; the City has a 2% at age 55 formula for miscellaneous employees and

a 3% at age 50 formula for public safety employees.

Councilmember Matarrese requested an explanation of the formulas.

Mr. Milligan stated pensions are based on years of service multiplied by a certain percentage and final compensation; the percentage varies by age; the highest level of benefits is accrued at age 63; the number of years of service continues to increase after 63; public safety benefits cap at 90% of compensation.

Mayor Johnson inquired whether a miscellaneous employee would get 40% of final compensation after working twenty years and reaching age 55, to which Mr. Milligan responded in the affirmative.

Councilmember deHaan inquired whether benefits are calculated on the highest one year or three year compensation.

Mr. Milligan responded one year; stated bonuses and overtime are not included.

Councilmember Matarrese inquired whether the City funds any investment income shortfall, to which Mr. Milligan responded in the affirmative.

Councilmember Tam stated the 1985 investment return was 35.4%; inquired whether CalPERS offsets when earnings are higher and cities contribute less.

Mr. Milligan responded in the affirmative; stated CalPERS has always had a smoothing mechanism; CalPERS reevaluated the asset moving policy in 2001 and put in a strengthened asset moving policy; CalPERS has the highest level of smoothing used in defined benefit pension plans.

Mayor Johnson inquired whether contributions are based on a percentage or dollar figure, to which Mr. Milligan stated contributions are a percentage of pay.

Mayor Johnson inquired how much the City pays in contribution for this Fiscal Year, to which Mr. Milligan responded 13.18% of pay.

Mayor Johnson inquired what would be the dollar amount.

Mr. Milligan responded the estimate is \$4,366,592 for miscellaneous employees; stated public safety is at 30.034%, which is approximately \$7,241,000; 2009-2010 public safety figures are 30.827%, which equals \$7,524,000; miscellaneous employee figures are 12.862%, which equals \$4,449,000.

Councilmember Tam inquired whether miscellaneous employee contributions went down.

Mr. Milligan responded in the affirmative; stated the decrease was expected because the 2009-2010 contribution rate is based on the June 30, 2007 actuarial evaluation report; 2007 was a good investment year; 2010-2011 estimates are 30.4% for public safety and 12.7% for miscellaneous employees.

Mayor Johnson inquired whether Mr. Milligan has dollar figures for 2010-2011, to which Mr. Milligan responded in the negative.

Mayor Johnson inquired when real property investment losses are realized.

Mr. Milligan responded there is usually a three-month lag.

Councilmember Matarrese inquired what would be the FY 2011-12 percentage contribution if the 20% loss held.

Mr. Milligan responded employer contribution rates are anticipated to increase between 2% and 5% of payroll; stated the range is dependent on assets; the miscellaneous employee plan has lower asset to payroll ratios; public safety plans tend to have higher asset to payroll ratios.

Mayor Johnson requested an explanation of asset to payroll ratios.

Mr. Milligan stated CalPERS has a fund of assets dedicated to providing pensions to the City's former and current employees; the contribution rate is adjusted because of losses or gains.

Mayor Johnson inquired whether more assets are tied to public safety employees than miscellaneous employees.

Mr. Milligan responded more assets are put aside for public safety than for miscellaneous employees; stated more money needs to accrue over a shorter period of time for public safety; public safety benefits are paid for a longer period of time.

Mayor Johnson inquired whether CalPERS relies more heavily on investment returns to cover the cost of public safety retirements.

Mr. Milligan responded CalPERS does not have as much time to earn investment income for public safety; stated employer contributions are relied upon more heavily.

The Interim Finance Director stated the total CalPERS earnings this year is \$58.1 million; \$33 million is for miscellaneous employees, and \$25.1 is for public safety; a 1% increase for miscellaneous employees equals \$330,000; a 1% increase for public safety equals \$251,000.

Mayor Johnson inquired what would be the full, future impact of the 3% at 50 and 2% at 55 formulas, to which Mr. Milligan responded that he would get information back to Council.

Councilmember Gilmore stated currently, the City is paying \$4.5 million for miscellaneous employees and \$7.2 million for public safety; inquired whether the City is paying additional money for retirees.

The Interim Finance Director responded retirees receive retirement checks from CalPERS; stated funds are coming from the City's CalPERS pot.

The City Treasurer stated that he projects City contribution rates to go up approximately 2% for miscellaneous employees and 4% for public safety; approximately four years of elevated contribution rates are assumed; better investment returns would bring the rates down in the out years; the increase would be \$1.7 million over four years.

Councilmember Matarrese inquired whether CalPERS would adjust the smoothing model to make up for the fund payout; stated benefits have to be paid.

Mr. Milligan responded that CalPERS is not anticipating any changes to the smoothing methodology; stated the City will be paying higher rates until the market turns around.

Mayor Johnson inquired how long the City might be paying higher rates.

Mr. Milligan responded the big impact would be in 2011-2012; stated rates would drift up a little if the market is still down; rates would come down once the market rebounds.

Councilmember Matarrese inquired what return rate is needed to sustain the system.

Mr. Milligan responded 7.2% over a long period of time; generally, CalPERS has exceeded 7.2% over the previous fifteen years.

Vice Mayor deHaan stated today is an extraordinary period of time.

Mr. Milligan stated that he has not seen anything like the current downturn of the broad-based market.

Vice Mayor deHaan inquired whether previous portfolio safeguards are relevant today.

Mr. Milligan responded diversification is the biggest safeguard but does not help during a broad-based market downturn; stated everyone has failed this time.

Mayor Johnson inquired how much of CalPERS's portfolio is in mortgage backed securities.

Pat Mock, CalPERS Executive Officer of Public Affairs, responded 19% is in fixed incomes; 66% is in equities; 10% is in real estate; and 5% is in inflation linked assets.

Mayor Johnson inquired whether there is a breakdown for returns or losses for each class.

Ms. Mock responded in the negative; stated the 20%-25% loss previously mentioned is not a realized loss, but paper loss; money would not be lost unless there is a sale; CalPERS takes in enough cash to meet benefit payroll.

Councilmember Matarrese inquired whether the paper loss would require the City to pay more money in 2011-2012 if today was June 30, 2009, to which Ms. Mock responded in the affirmative.

Councilmember Matarrese stated the paper loss is a real number; future numbers depend on performance.

Vice Mayor deHaan stated CalPERS receives liquid cash from contributions; a percentage goes back out and is not invested.

Mr. Milligan responded \$12 billion is paid out; stated a little more is brought in.

Mayor Johnson inquired when the employee contribution cap was established.

Mr. Milligan responded the cap is State law and has been in place for a long time.

Ms. Mock stated employees always pay in good and bad years; returns pay the lion share of costs in good years; employer contributions rise in bad years.

Councilmember Matarrese stated the presentation is enlightening; that he hopes CalPERS will be available to the City and Fiscal Sustainability Committee.

Mr. Milligan stated CalPERS will be very happy to work the Finance Department and City Treasurer.

Councilmember Gilmore stated tonight's presentation is very unusual and has not been done before; thanked CalPERS and staff for the presentation.

Councilmember Tam stated the report is enlightening; that she is comforted in understanding the modulating and tempering affect with smoothing; the City does not have to incur the entire amount because of the methodology built into the CalPERS calculation.

Councilmember Gilmore stated the City needs to increase the contribution amount in the short run and come up with more money, while taking a hit on sales and property taxes; expenses have increased and revenues have decreased.

REGULAR AGENDA ITEMS

(09-050) Resolution No. 14306, "Authorizing Application of Grant Funds from the East Bay Regional Park District Under Measure WW Park Bond Act Extension." Adopted.

The Recreation and Parks Director gave a brief presentation.

Councilmember Matarrese moved adoption of the resolution.

Councilmember Matarrese stated all projects are needed; that he hopes the proposed upgrades are not temporary, modular buildings.

Mayor Johnson inquired how the money would be distributed.

The Recreation and Parks Director responded the program is a reimbursable program.

Mayor Johnson inquired whether the timeframe is restricted.

The Recreation and Parks Director responded in the negative; stated everything needs to be done by 2018.

Vice Mayor deHaan seconded the motion.

Under discussion, Vice Mayor deHaan inquired whether some of the

projects are in the future budget cycle.

The Recreation and Parks Director responded the projects are identified but not funded.

Councilmember Tam stated the City would front the money and then seek up to \$3.4 million in reimbursements from the Park District; inquired whether the City has enough funding within the cycle to front the money.

The Recreation and Parks Director responded the City would not front the entire amount at once.

Councilmember Matarrese stated the construction environment is very favorable now; some projects could be funded out of reserves; the City would be reimbursed; the City should take advantage of favorable conditions.

Mayor Johnson inquired whether staff is confident that the City would have funds for the Alameda Point gym project, to which the Recreation and Parks Director responded in the affirmative.

Councilmember Gilmore stated each project would come back to Council; Council would be in a position to authorize the use of Measure WW funds; Council would address fronting more money out of the General Fund based upon the Interim Finance Director's recommendations.

Councilmember Matarrese stated the City does not own the Alameda Point gym building which is not part of the reuse plan; Council should take a look at what the City owns first.

Mayor Johnson stated that she agrees with Councilmember Matarrese; however, the Alameda Point gym is an important asset; inquired whether there is any possibility of working with the federal government to carve out conveying the building to the City.

The Assistant City Manager responded the gym would be the first property conveyed from the Navy once certified as clean.

Councilmember Matarrese stated Council would then decide whether to keep the building or not.

Vice Mayor deHaan stated the Coast Guard housing would come to the City also.

The Assistant City Manager stated part of the Coast Guard housing would come to the City.

Vice Mayor Tam inquired what is the thinking behind the Thompson Field renovation.

The Recreation and Parks Director responded the funding source has some hurdles; stated a Joint Use Agreement would need to be in place demonstrating that the City would have at least a twenty-five year lease.

Vice Mayor Tam stated that she is curious why Thompson Field was not listed but the Collins property acquisition was.

The Recreation and Parks Director stated the City would own the Collins property outright and have total control.

On the call for the question, the motion carried by unanimous voice vote - 5.

(09-051) Public Hearing to consider Introduction of an Ordinance Amending the Alameda Municipal Code by Adding Section 24-10 (Cost Recovery for Recurring Calls for Service to Respond to and/or Perform Abatement on Properties Due to Owner Neglect) to Chapter XXIV (Public Health).

The Fire Marshall gave a brief presentation and provided a handout.

Mayor Johnson stated leaving out the owner neglect language would be better; the tenant and landlord might have a contract that puts maintenance responsibility on the tenant; the City does not want to get in the middle; inquired whether the tenant and landlord could have joint liability.

The City Attorney responded the City wants to make sure that someone is responsible for payment; stated the property owner is responsible most of the time; the ordinance has a provision for the City's ability to do a special assessment against the property owner in the event of non-payment, which cannot be done with a tenant; suggested keeping the responsibility with the owner; stated the owner could take the matter up with the tenant if the owner has an internal contract with the tenant.

Mayor Johnson inquired why a free pass would be given every six months; stated a fix it ticket should be issued; perhaps the matter should be transferred to the Building Department.

Councilmember Matarrese stated the responsibility should be on the property owner because the City has the leverage of a lien.

The City Attorney stated the ordinance could be done two ways; one way would be to characterize billable responses; the standard would be property negligence; another way would be to have a list of reoccurring events.

Mayor Johnson stated the simplest way is to have a list of billable situations.

Mayor Johnson stated most people are offended that people call the Fire Department for maintenance problems; community training should be done.

Speakers: Bill Klump, Alameda Firefighters Local 689; Deborah James, Urban Habitat; Robb Ratto, Park Street Business Association; Jeff DelBono, Alameda Firefighter; Jon Spangler, Alameda.

Vice Mayor deHaan stated the six-month period could be extended to one year; inquired whether listing billable events could be done.

The Fire Marshall responded a detailed list becomes limiting; stated that he would prefer a list that is not hard and fast.

Mayor Johnson stated "property due to owner neglect" should be taken out and the list could be open-ended.

The City Attorney stated more certainty would be created if specific events trigger a charge; a catchall category could be created; a standard is needed.

Councilmember Matarrese stated there could be a list and conditions due to property owner negligence; a six-month period is too short; that he would prefer one year.

Mayor Johnson inquired about having a trigger for a building inspection.

The Fire Marshall responded the issue is part of the process.

Mayor Johnson stated having a trigger point should be part of the ordinance; the Building Department should be required to follow up on the matter.

The Fire Marshall stated Fire Inspectors would refer building code violations to the proper department.

The City Manager stated a modified ordinance would be brought back to Council.

(09-052) Resolution No. 14307, "Endorsing the Street Rehabilitation Projects for the Federal Economic Stimulus Program and Authorizing the City Manager to Approve Plans and Specifications and Call for Bids for the Annual Resurfacing Project, No. 82-01-29." Adopted.

The Public Works Director gave a brief presentation.

Councilmember Tam stated the City was way ahead in preparation of a list of potential projects; Council has received emails regarding the need to prioritize bus shelter installations; inquired how the matter would fit into Measure B funds.

The Public Works Director responded each department was requested to provide a wish list; the Public Works Department looked at items on the unfunded list; staff has not been able to receive funding for bus shelters; the first round of economic stimulus funds is for road rehabilitation only.

Speaker: Michael John Torrey, Alameda.

Councilmember Matarrese moved adoption of the resolution.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote - 5.

The City Manager stated that the Fiscal Sustainability Committee provided a memo regarding the stimulus program for soft story retrofit buildings; funding sources will be reviewed in the future.

(09-053) Resolution No. 14308, "Allocating \$100,000 in Measure B Funds as the Local Match to Prepare the Estuary Crossing Project Study Report for a Total Cost of \$1 Million, and Authorizing the City Manager to Execute All Necessary Documents." Adopted.

The Public Works Director gave a brief presentation.

Mayor Johnson inquired what the \$1 million would cover.

The Public Works Director responded the Project Study Report (PSR) for the estuary crossing.

Mayor Johnson inquired whether the PSR would be a joint report with the City of Oakland.

The Public Works Department responded the City of Oakland sits on the Policy Advisory Committee.

Mayor Johnson inquired whether the City of Oakland proposes to pay

half of the \$1 million, to which the Public Works Director responded in the negative.

Councilmember Matarrese stated that he would love to have an estuary crossing because riding through the Tube is terrible; stated there is a lot of ship traffic; the price tag is upwards of \$50 million; inquired whether the Coast Guard and Port of Oakland agree that a bridge would be allowed; to which the Public Works Director responded in the affirmative.

Councilmember Matarrese inquired whether the bridge would belong to Alameda and whether Alameda would be responsible for maintenance and operation.

The Public Works Director responded the issues would need to be reviewed in the PSR.

Councilmember Matarrese inquired whether there is a possibility that the \$1 million would be spent and there would not be a project, to which the Public Works Director responded possibly.

Councilmember Gilmore inquired whether the City would be obligated to go forward with the project if \$100,000 is allocated and the two grants are not received.

The Public Works Director responded the City would be obligated if only one grant was received, but the City would not move forward with the PSR unless both grants were received.

Mayor Johnson inquired whether any funding has been identified for the project.

The Public Works Director responded the bicycle/pedestrian bridge estimate is \$48 million; stated a completed PSR would make the City more competitive for additional State, federal, and regional funds.

Mayor Johnson inquired what is the likelihood of receiving \$50 million for a bicycle/pedestrian bridge in the near future.

The Public Works Director responded a lot of changes are being made in the federal government; stated the project is long term; the project would be broken down into pieces.

Mayor Johnson inquired whether staff looked at a multi-purpose bridge, such as a combined transit and pedestrian/bicycle bridge.

The Public Works Director responded a multi-purpose bridge is included as an option in the feasibility study; stated AC Transit

indicated a drawbridge would not be a viable option; the bridge would be built to a lifeline standard.

Councilmember Gilmore stated the price tag includes maintenance for a thirty-year period; inquired how much it would cost to build the bridge, to which the Public Works Director responded \$48 million.

Vice Mayor deHaan stated the proposed project is an engineering feat.

The Public Works Director stated the consultant team determined that construction would be schematically feasible.

Mayor Johnson inquired what would be the grant source for the \$48 million, to which the Public Works Director responded federal and State grants.

Mayor Johnson inquired whether Oakland is proposing to make the estuary crossing project a priority.

The Public Works Director responded that Oakland contributed to the feasibility study.

Councilmember Gilmore inquired whether Alameda and Oakland would each receive funding if both applied.

The Public Works Director responded one grant would be co-sponsored.

Mayor Johnson stated a joint use bridge should be considered; including transit makes the project more credible.

The Public Works Director stated the joint use could be added to the scope.

Councilmember Matarrese stated that he does not see any advisory group or endorsers putting money on the table to move forward; that he is concerned about maintenance costs.

Speakers: Nancy Johnson Horton, Alameda; John Strehlow, Alameda; John McKeon, Bike Alameda; Lucy Gigli, Bike Alameda; Jon Spangler, Alameda; Evan Lovett-Harris, Cycles of Change; Ricardo Pedevilla, Alameda.

Vice Mayor deHaan inquired how many bicycles and pedestrian use the City's bridges.

The Public Works Director responded the feasibility study shows 521

combined bicycle and pedestrian trips for the Park Street Bridge; no statistics are available for the High Street or Fruitvale bridges; the demand would increase to 2,000 to 3,000 trips per day for the proposed bridge; future development at Alameda Point and Alameda Landing would increase bridge usage to approximately 4,000 trips per day.

Vice Mayor deHaan stated the west side of the Tube has a walkway; inquired whether staff has reviewed use of the walkway.

The Public Works Director responded that CalTrans would not support relocating the pipes [blocking the walkway]; the air circulation area [between the tubes] was rejected also.

Councilmember Gilmore inquired whether the study could include a transit option.

The Public Works Director responded the transit option could be added to the resolution; stated staff discussed the possibility of limiting the number of crossings for AC Transit.

Mayor Johnson stated AC Transit deals with trains in Oakland.

Councilmember Gilmore stated running shuttle buses to the 12th Street station in Oakland has been discussed; the shuttle buses could use the proposed bridge.

Councilmember Matarrese stated the proposed bridge needs to be more than a bicycle/pedestrian bridge; the City would be encumbered with maintenance and operating costs if the bridge was only an Alameda bridge; obtaining geological information is good; that he does not want to be committed if maintenance and operation conditions are not met or the bridge is not feasible.

Mayor Johnson inquired whether the study would include the multi-module option.

The Public Works Director responded the option could be added to the resolution; stated staff could talk with the granting agency.

Mayor Johnson stated the City does not have the tax base to operate and maintain a bridge; people do not want a toll bridge in Alameda; a condition should be added to require that the bridge would be a County bridge.

Councilmember Gilmore moved approval of allocating \$100,000 to perform the study noting that Council's preference is to do a multi-modal bridge.

Councilmember Gilmore stated the study should be done regardless of whether granting agencies are not in favor of a transit bridge because the geological and technical information would be useful in the future.

Mayor Johnson inquired whether the bicycle/pedestrian bridge study would need to be redone to include transit.

The Public Works Director responded some information would need to be redone, but some of the geotechnical information could be used.

Councilmember Tam seconded the motion.

Under discussion, Councilmember Matarrese stated that he wants to make sure that the motion includes the attempt to make the bridge lifeline and multi-modal.

Councilmember Gilmore concurred with Councilmember Matarrese; stated Oakland should help pay if the bridge is determined to be feasible; Alameda would be willing to take the first step but would not be willing to continue down the path on its own.

Mayor Johnson stated Oakland indicates that the proposed project is a priority; inquired whether there has been any discussion regarding contributing to the \$48 million, to which the Public Works Director responded that he does not think so.

The Public Works Director stated that Council direction is to move approval of adopting the resolution with the following changes: 1) the preference is that transit be included on the bridge; however, if the granting agencies will not award funds with a transit component, the PSR should move ahead for bicycles and pedestrians because the information received will be valuable moving forward with a transit bridge in the future; 2) ensuring a bridge is truly feasible and is lifeline; 3) find out who would operate and maintain the bridge; and 4) approaching other jurisdictions regarding contributing to the local match.

Mayor Johnson stated the City needs to be clear that it does not intend to operate or maintain the bridge.

Councilmember Matarrese stated the bridge should not be built if no one is willing to handle operation or maintenance; inquired whether the City would get any money back if something comes up midway through the study that shows that the proposed bridge is infeasible.

Vice Mayor deHaan inquired whether the feasibility study could be phased.

The Public Works Director stated that grants typically are pro-rated.

On the call for the question, the motion carried by unanimous voice vote - 5.

(09-054) Recommendation to accept the Financial Report for the Second Fiscal Quarter - October, November and December 2008.

The City Manager suggested that the item be continued to Saturday's budget workshop.

The Interim Finance Director stated the item would come back to Council since the workshop does not have action items.

Councilmember Matarrese requested that the workshop have action items; stated the he is very concerned about negative cash fund balances and accumulated cash deficits; that he would like to act on the issues.

(09-055) Recommendation to accept transmittal of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2008.

The City Auditor stated the former AP&T telecom sale was not a run of the mill type item; staff received guidance on how to reflect the transaction; thanked Maze and Associates and City staff for all efforts made; the report is clean and numbers are fairly stated.

The City Manager stated the Public Utilities Board reviewed the report and is happy that all information is available and transparent.

Councilmember Gilmore stated that she appreciates the new format and text; the narratives are easy for the public to read.

The City Auditor thanked the Interim Finance Director for all her help.

Councilmember Tam inquired whether the designated amount for workers compensation is part of the \$10 million unreserved cash.

The Interim Finance Director responded the workers compensation potential worse case scenario is in the Workers Compensation Fund which is in the Internal Services Fund.

Councilmember Tam inquired whether the Internal Services Fund is not recovering costs completely.

The Interim Finance Director responded the City's potential outside claim risk is an unfunded liability, but is not the same as the fund running a cash negative; the City would need to write a check for \$6.6 million if every claim settled for the highest amount and all came due at the same time; the City needs to start budgeting for a claim liability reserve; at some point the City will be writing checks for the claims.

Councilmember Tam moved approval of the staff recommendation.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

(09-056) Vice Mayor deHaan moved approval of continuing the meeting past midnight.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

(09-057) Recommendation to accept the Quarterly Treasury Report for the period ending December 31, 2008.

The City Treasurer provided handout and gave a brief presentation.

Councilmember Tam inquired whether California Municipal obligations are 4.4% of the City's portfolio and whether the City's mortgage backed security is 2.6% of the portfolio; stated the majority of the City's portfolio is federally backed securities which caused the 7.6% rate of return in 2008.

The City Treasurer responded the City owns U.S. Treasury obligations, bonds from Fannie Mae and Freddie Mac, individual issues from some financial institutions, and a taxable State of California bond; City investments are restricted.

Councilmember Gilmore moved approval of the staff recommendation.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

ORAL COMMUNICATIONS, NON-AGENDA

(09-058) Domenick Weaver, Alameda Firefighters, discussed brownouts; stated thirteen calls have been impacted with delayed responses; the rescue boat was placed out of service in May 2008 because of mechanical issues; the fire boat was placed out of service in November 2008; direction has been given to leave the boats in the water, which creates a deception that the Fire Department is not being picked on and that the boats are still in service; service levels are being reduced in the community.

(09-059) Bill Klump, Alameda Firefighters Local 689, discussed overtime costs versus costs for full time Fire Department staff.

COUNCIL REFERRALS

None.

COUNCIL COMMUNICATIONS

(09-060) Mayor Johnson stated that she attended the Conference of Mayors mid January; the economic stimulus package and energy have become very popular topics; that she hopes solar energy will become an option for Alameda.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular Meeting at 12:10 a.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
TUESDAY- -FEBRUARY 3, 2009- -6:00 p.m.

Mayor Johnson convened the Special Meeting at 6:00 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(09-039) Public Employee Performance Evaluation; Title: City
Manager.

(09-040) Conference with Labor Negotiator (54957.6); Agency
Negotiator: Council Subcommittee to be determined; Name: City
Manager Employment Agreement.

Following the Closed Session, the Special Meeting was reconvened
and Mayor Johnson announced that regarding Public Employee, Council
gave direction to the Council Subcommittee of the Mayor and Vice
Mayor; no other action was taken; regarding Labor, Council
continued the item; no action was taken.

Adjournment

There being no further business, Mayor Johnson adjourned the
Special Meeting at 7:45 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown
Act.

MINUTES OF THE SPECIAL JOINT ALAMEDA REUSE AND
REDEVELOPMENT AUTHORITY (ARRA) AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -FEBRUARY 3, 2009- -7:31 P.M.

Chair Johnson convened the Special Meeting on February 4, 2009 at 12:10 a.m.

ROLL CALL - Present: Board Members/Commissioners deHaan, Gilmore, Matarrese, Tam, and Mayor/Chair Johnson - 5.

Absent: None.

CONSENT CALENDAR

Chair Johnson announced that the recommendation to authorize the use of \$350,000 [paragraph no. 09-05 CIC/ARRA] would be removed from the Consent Calendar for discussion.

Board Member/Commissioner deHaan moved approval of the remainder of the Consent Calendar. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

Board Member/Commissioner Tam seconded the motion, which carried by unanimous voice vote - 5.

(*09-04 CIC) Minutes of the Special Joint City Council and CIC Meeting, and the Special CIC Meeting held on January 6, 2009. Approved.

(09-05 CIC/ARRA) Recommendation to authorize the use of \$350,000 of Tax Exempt Bond Funds from the Merged Area Bond (Funds 201.11 and 201.15) and appropriate the funds for use for the Fleet Industrial Supply Center (FISC) Emergency Water Repairs and Electrical Upgrades at Park Street and Buena Vista Avenue; and authorize FISC Lease Revenue for additional annual support of the Façade Grant Program.

The Developer Services Director gave a brief presentation.

Board Member/Commissioner Gilmore requested an explanation of the \$390,000 returned from the Library.

The Development Services Director stated the 2003 Merged Bond Project pledged \$1 million for the Library; the Library did not use all of the money and returned \$690,000; \$300,000 has been spent for

the second floor theatre seating.

Chair Johnson stated the Façade Grant Program is one of the most important things the City does, especially for small businesses; the Buena Vista Avenue and Park Street electrical project will affect all of Park Street and became an issue when the Market Place was established.

Board Member/Commissioner deHaan inquired whether underground projects cannot be taken from Alameda Municipal Power's (AMP's) undergrounding efforts.

The Development Services Director responded the City has a list of priority underground projects; stated the City needs to partner with AMP and the Redevelopment Agency to perform multiple economic efforts.

Speaker: Robb Ratto, Park Street Business Association.

Board Member/Commissioner Matarrese moved approval of the staff recommendation in the following amounts: \$450,000 for water repairs; \$150,000 for electrical upgrades; and \$200,000 for the Façade Grant Program for a total of \$800,000.

Board Member/Commissioner deHaan seconded the motion, which carried by unanimous voice vote - 5.

AGENDA ITEMS

(09-06 CIC) Recommendation consider an amendment to the Lease Agreement of 2315 Central Avenue between the CIC of the City of Alameda, Lessor, and Alameda Wine Company, LLC, Tenant.

The Development Services Director gave a brief presentation.

Speakers: Karen Ulrich, Alameda Wine Company owner; Jon Spangler, Alameda; Jim Foster, Alameda.

Chair Johnson stated operating hours were outlined in the lease because the Commission did not want dead zones near the theatre; the business plan does not seem to be fully implemented; the owner needs to determine whether she can run her business in a way that complies with the lease requirements; otherwise, the owner should consider moving to another location.

Commissioner Gilmore concurred with Chair Johnson; stated the Commission considered many potential tenants for the space and had

specific hours of operation; many potential tenants that could not do lunch hours were disqualified; the owner would not have been granted the lease for just a bar.

Commissioner deHaan stated starting a new business is a challenge; the owner would go back to full hours if the right mix is found; a lot of money has been forgiven at Alameda Point; a six month trial period is reasonable.

Chair Johnson stated there are reasons for business hours; businesses need to be open to have a customer base.

Commissioner Gilmore stated the business is already profitable later in the day and in the evening; that she does not understand how the business would be built up by closing from 11:00 a.m. to 4:00 p.m.

Commissioner Matarrese stated the Commission was very clear on the lease provisions; the business is profitable now and ahead of projections; dead hours cannot be addressed if the business is not open; that he does not see the advantage of reducing hours; a change in the lease is premature.

Commissioner Matarrese moved approval of deferring any change to the lease until the business faces possible closure.

Chair Johnson stated the business owner needs to implement the original business plan; changes need to be made.

Commissioner Gilmore seconded the motion.

Under discussion, Commissioner Tam stated that she would abstain from voting on the matter; the staff report suggests the need for more marketing; that she does not feel there is enough information to tell the business owner how the business should be operated.

Commissioner Gilmore stated that the business owner should live up to the terms of the lease; the hours of operation are very clear.

Commissioner deHaan stated the business owner needs some leeway; the City needs to work with the business owner.

Commissioner Matarrese stated street activity was part of the plan to renovate the theatre and build the parking structure; the business plan is a good model; the retail side needs to be reviewed; salvaging the business might be an option if the business

was in the red and in danger of folding; the business is profitable and is almost a year ahead of projections.

Commissioner deHaan stated the theatre developer was going to open a wine bar in the theatre and that has not happened; hours of operation would be limited.

The Development Services Director stated the theatre developer discussed opening a wine bar at the same time; the lease does not require a wine bar be built upstairs.

On the call for the questions, the motion carried by the following voice vote: Ayes: Commissioners Gilmore, Matarrese, and Chair Johnson - 3. Noes: Commissioner deHaan - 1. Abstentions: Commissioner Tam - 1.

(ARRA) Recommendation to approve a Five Year Lease and Repayment Plan/Write-off with AC Hornet Foundation.

[Note: The minutes for this item are part of the ARRA record]

(ARRA) Recommendation to approve an amendment to Consultant Contract with Harris & Associates for On-Call Services for Review of Land Development Entitlement Applications for Redevelopment of Alameda Point. Continued.

ORAL REPORTS

(ARRA) Oral Report from Member Matarrese, Restoration Advisory Board (RAB) - Highlights of January 8th Alameda Point RAB Meeting.

[Note: The minutes for this item are part of the ARRA record]

ADJOURNMENT

There being no further business, Chair Johnson adjourned the Special Joint Meeting at 1:22 a.m.

Respectfully submitted,

Lara Weisiger
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.